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11 SEP 1957

*Conf. - Potomac
Recreation Assoc.*

MEMORANDUM FOR: Director of Personnel

FROM : Deputy Comptroller

SUBJECT : Accounting System for the Potomac Recreation Association.

REFERENCE : Memorandum to Director of Personnel from Comptroller dated 8 July 1957 regarding report of audit on Potomac Recreation Association dated 17 April 1957.

m-390

1. On the basis of a verbal request from Miss [redacted] of your Office in response to reference, the Technical Accounting Staff has developed a proposed accounting system for the Potomac Recreation Association. The proposed system has been discussed informally with Mr. [redacted] of the Employee Relations Branch. An outline of the proposed system is attached, and it is recommended that it be adopted as soon as practical.

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2. This Office will be glad to discuss any questions you may have concerning the proposed system and to assist in any way we can in placing the proposed system into effect.

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Enclosures

TAS/HNE/mr (5 Sept. 1957)

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Accounting System for the
Potomac Recreation Association

I. General

- A. Accounting Records - This accounting system provides for the maintenance of a "Cash and General Journal" (See Section II) and a "General Ledger" (See Section III).
- B. Disbursements - Each disbursement will be supported by either (1) a statement or invoice or (2) a check request (exhibit A-attached), approved for payment by a duly designated official of the Association. Such supporting documentation will indicate the number and date of the check issued and will be filed in a documentation file. Under this procedure it will be necessary to complete the check stubs to indicate the date, number, payee, and amount of the checks and the remaining cash balance in the bank.
- C. Receipts - Pre-numbered receipts shall be prepared in duplicate for all funds received by the Potomac Recreation Association. The original should be given to the individual from whom the funds are received and the duplicate should be retained intact in the receipt book in support of the cash received entries in the cash and general journal.
- D. Deposits - Deposits shall be made systematically and shall include all amounts received subsequent to the date of the last deposit. Deposit tickets shall be prepared in duplicate and the receipted duplicate deposit slip shall be held in the documentation file as evidence of the deposit in lieu of a bank book. When deposits are made, the date of the deposit will be noted in the date of deposit column of the cash and general journal on the same line as the last cash collection included in the deposit.

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- E. Bank reconciliation - The cash on hand and in bank account shall be reconciled each month with the monthly bank statement.
- F. Petty Cash - The petty cash account shall be maintained on an imprest basis and no entries will be made to the account except for increases or decreases in the amount at which the account is to be maintained. Each payment from the petty cash fund will be evidenced by a receipted invoice or other appropriate documentation including in justifiable circumstances a simple description of the transaction. The sum of petty cash on hand and documentation evidencing payments must at all times equal the established amount of the fund. The petty cash account shall be reimbursed at least quarterly; the receipted invoices and other documentation supporting payments made from the account shall be attached to the check request form in support of the reimbursement check.
- G. Monthly posting to the general ledger - At the end of each month, the columns of the "Cash and General Journal" shall be totaled; after it is determined that the sum of the debit columns equal the sum of the credit columns, the column totals except the "Other" columns shall be posted in summary to the general ledger accounts. Items entered in the "Other" columns may be either summarized by account number and posted in summary or may be posted individually to the general ledger accounts involved, as may be desired. After the postings are completed a determination should be made that the sum of the debit account balances is equal to the sum of the credit account balances.
- H. Reports - A "Statement of Income and Expense" (See Exhibit 'B') and a "Statement of Condition" (See Exhibit 'C') shall be prepared at least semi-annually.
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II. Cash and General Journal

Each disbursement and each receipt shall be entered on this form in the appropriate columns. Check numbers shall be recorded in the reference number column prefixed with a "C", i.e., C-1, C-2, etc. The payee and purpose of each check shall be shown in the explanation column. Receipt numbers shall be similarly recorded, prefixed with an "R", i.e., R-1, R-2, etc. The source and purpose of each collection shall be shown in the explanation column. Transactions for which special columns are not provided will be entered in the "Other" columns, with the account number being noted in the column provided for that purpose. Miscellaneous transactions not involving receipts or disbursements such as bank service charges or the annual closing entries shall be recorded in the "Other" columns of this journal with a full description of the transactions.

III. General Ledger Accounts

The general ledger accounts listed below are prescribed at this time. Other accounts may be established as needed. A separate 3 or 4 column ledger sheet shall be maintained for each account.

10 - Cash on Hand and in Bank - This account represents the amount of all cash on hand and in bank, except petty cash. Debit this account with all cash received and credit this account with the amount of all checks written and with bank service charges.

20 - Petty Cash Imprest Fund - This account represents the amount of the petty cash imprest fund which is maintained for miscellaneous types of disbursements that cannot reasonably be made by check. Debit or credit this account only with increases and decreases in the amount of the established fund.

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40 - Surplus - This account represents the cumulated excess of income over expenses. This account will be adjusted as of the end of each fiscal year through the transfer to it of the balances of the Grants Received account, Miscellaneous Income account, the several projects and activities accounts, and the Miscellaneous Expense account.

50 - Grants Received - This account represents the grants received during the year from the CIA welfare Assistance Board.

55 - Miscellaneous Income - This account represents amounts received other than Grants from the CIA welfare Assistance Board which do not relate to particular projects or activities.

60 - Miscellaneous Expense - This account represents miscellaneous expenses paid which do not relate to particular projects or activities.

70 through 99 - Projects and Activities Expense Accounts - A separate account numbered and titled as desired will be maintained for each project or activity sponsored by the association. Dues, donations, or assessments collected from employees participating in a particular project or activity will be credited to the applicable account. Disbursements chargeable to a particular activity will be debited to the applicable account.

Notes: The balances of accounts Nos. 50 through 99 above will be transferred as of the end of each fiscal year to account No. 40.

EXHIBIT A

Potomac Recreation Association

Check Request

Date _____

Name of Payee _____ Amount _____

Purpose: _____

Remarks: _____

Approved for payment by _____

Paid by Check No. _____, Dated _____

CONFIDENTIAL**EXHIBIT B****Potomac Recreation Association**

Statement of Income and Expense for the
period July 1, _____ through _____ 19 ____

<u>Item</u>	<u>This Period</u>		<u>Cumulative</u>	
	<u>(From _____</u> <u>Income</u>	<u>to _____)</u> <u>Expense</u>	<u>(July 1, _____</u> <u>Income</u>	<u>to _____)</u> <u>Expense</u>
Grants Received	\$ XXX	-	\$ XXX	-
Miscellaneous Income	XXX	-	XXX	-
Miscellaneous Expense	-	XXX	-	XXX
Men's softball	XXX	XXX	XXX	XXX
women's softball	XXX	XXX	XXX	XXX
Etc.	XXX	XXX	XXX	XXX
Gross Totals	\$ XXX	\$ XXX	\$ XXX	\$ XXX
Net income (or expense)				

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EXHIBIT C

Statement of Position

as of _____

<u>Assets</u>	
Cash on hand and in bank	\$ 2.11
Petty Cash	<u>Nil</u>
Total Assets	<u>2.11</u>
<u>NET WORTH</u>	
Surplus as of _____	\$ 2.11
(end of previous fiscal year)	
Cumulative net income or expense for current period	<u>0.00</u>
Total Net Worth	<u>2.11</u>

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Date	Explanation	Ref. No.	Date of Deposit	Cash on Hand or in Bank Dr. Cr.	Ten's Softball Dr. Cr.	Men's Bowling: Dr. Cr.	Other acct. No : Dr. Cr.
	Check-indicate payee, and purpose						
	Receipts - indicate Name of person: or source from which funds are received, and purpose						
	Other transactions - indicate full explanation						